

**IN THE UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF TEXAS
SAN ANTONIO DIVISION**

In re	§	
	§	
BIG RACQUES RANCHES LLC	§	Case No. 18- 52328-cag
	§	(Chapter 11)
	§	
Debtor	§	

**MOTION OF CAPITAL FARM CREDIT FLCA TO CONVERT OR, ALTERNATIVELY
TO DISMISS THE CASE PURSUANT TO 11 U.S.C. 1112(b)**

THIS PLEADING REQUESTS RELIEF THAT MAY BE ADVERSE TO YOUR INTERESTS.

IF NO TIMELY RESPONSE IS FILED WITHIN TWENTY-ONE (21) DAYS FROM THE DATE OF SERVICE, THE RELIEF REQUESTED HEREIN MAY BE GRANTED WITHOUT A HEARING BEING HELD.

A TIMELY RESPONSE IS NECESSARY FOR A HEARING TO BE HELD.

TO THE HONORABLE CRAIG A. GARGOTTA, UNITED STATES BANKRUPTCY JUDGE

CAPITAL FARM CREDIT, FLCA (“Capital Farm Credit, FLCA”) requests that the Court convert this case to one under chapter 7 of the Bankruptcy Code or alternatively, dismiss the case with prejudice for these reasons:

1. Capital Farm Credit, FLCA and Capital Farm Credit, PCA are subsidiaries of Capital Farm Credit, ACA, a federal Farm Credit System lender. Capital Farm Credit, FLCA extends long term mortgage loans to farmers, ranchers and rural residents. Capital Farm Credit, PCA extends short to intermediate term credit to farmers, ranchers and rural residents. Loans made by Capital Farm Credit, FLCA are typically secured by liens against real property. Loans made by Capital Farm Credit, PCA are typically secured by liens against operating assets, farm products, livestock, and proceeds.

2. Beginning in April 2015 Capital Farm Credit FLCA and Capital Farm Credit PCA made a series of long and intermediate term loans to Big Racques Ranches LLC and Randy Balderas, as co-makers, secured by property owned solely Big Racques Ranches, LLC.

5. The Debtor is obligated to Capital Farm Credit, FLCA pursuant to the terms of a Promissory Note dated April 17, 2015 in the original principal amount of \$1,011,408.00 signed by Big Racques Ranches, LLC and Randy Balderas as makers having a balance due of approximately \$1,154,967.16 as of September 28, 2018 ("Land Note").

6. The Land Note is secured by the liens and security interests set forth in the Real Estate Deed of Trust dated April 17, 2015 signed by Big Racques, LLC, as Grantor, for the benefit of Capital Farm Credit, FLCA, recorded on April 20, 2015 at Clerk's File No. 161236 in the Official Public Records of Atascosa County, Texas and on April 20, 2015 at Clerk's File No. 00288916 in the Official Public Records of Val Verde County, Texas concerning the following property:

- i. 1993 acres of land in Val Verde County as further described in the Deed of Trust;
- ii.. Ingress/Egress Easement concerning the Val Verde County property;
- iii. 100.00 acres of land in Atascosa County, as further described in the Deed of Trust.

7. Capital Farm Credit, PCA made four loans to the Debtor secured by livestock and irrigation equipment which have been paid:

- a. Term Promissory Note dated May 7, 2015 in the original principal amount of \$154,450.00;
- b. Promissory Note dated May 28, 2015, in the original principal amount of \$150,000.00;

c. Promissory Note dated June 24, 2015 in the original principal amount of \$165,600.00; and,

d. Promissory Note dated December 16, 2015 in the original principal amount of \$34,000.00.

8. Randy Benavides Balderas filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code on November 3, 2016 at Case No. 16-52554-cag in this Court. Mr. Balderas is the 100% owner of the Debtor and a co-signor on its obligations. At the time Mr. Balderas filed his personal case, the Debtor was in default of its obligations to Capital Farm Credit FLCA and Capital Farm Credit PCA.

9. Capital Farm Credit sought relief from the automatic stay in Mr. Balderas' bankruptcy case to pursue foreclosure efforts against real and personal property owned by the Debtor.

10. Capital Farm Credit then initiated foreclosure proceedings against the Debtor to which the Debtor, wholly owned by Balderas, responded by filing its own case under chapter 11 case at Case No. 17-50573 on March 10, 2017 (the "2017 Case").

11. Capital Farm Credit and Capital Farm Credit PCA requested relief from the stay in the 2017 Case. Following a contested hearing, the Court granted relief from the automatic stay by its Order entered in August, 2017. In October, 2017 the Debtor voluntarily dismissed the 2017 Case.

12. In December 2017, the Debtor and Capital Farm Credit entered into a standstill agreement which provided the Debtor with time its obligations to Capital Farm Credit PCA (secured by cattle and irrigation equipment), sell its Atascosa County property, and potentially to restructure any remaining debt secured by Val Verde County property.

13. The Debtor was unable to fulfill the terms of the standstill agreement. And, while the debt owed to Capital Farm Credit PCA (an obligation secured principally by cattle and irrigation equipment) was recently satisfied, the Debtor had failed to address the land loans. Capital Farm Credit FLCA had scheduled the Debtor's Val Verde County property for a public foreclosure sale to be held on October 2, 2018.

14. The Debtor filed this case on October 1, 2018.

15. Capital Farm Credit previously has estimated the combined value of the 1993 acres in Val Verde County, and the 100 acres in Atascosa County, Texas to be \$1,376,000.00.

16. Big Racques Ranches, LLC has no ongoing business operations. The Val Verde County property is fenced land which is best suited for hunting and grazing. Capital Farm Credit avers that Randy Balderas intended the property to be used to entertain customers of his then – booming oilfield services business. The 100-acre Atascosa tract is good quality irrigated (pivot system) pasture land. The Debtor recently liquidated the bulk of its livestock inventory.

17. Capital Farm Credit, FLCA avers that if there is equity in the combined values of the Atascosa and Val Verde county properties, it is slight. Capital Farm Credit FLCA argued this in August 2017 and the Court granted relief from the stay. Nothing has transpired in the interim to improve the situation. To the extent that this Debtor's "success" depends upon Mr. Balderas' sideline hunting business, recent events in his personal bankruptcy case evidence financial instability.

18. If the Court feels that it is appropriate for an impartial third party to evaluate the prospects for a sale which produces a benefit to unsecured creditors, Capital Farm Credit requests that the Court convert the case on the grounds that it is in the best interest of the unsecured

creditors. The Debtor has had ample time to derive economic benefit from the land and has failed to do so.

19. On the other hand, if the Court believes the prospects for creditors to be bleak, Capital Farm Credit requests that the Court dismiss the case. If the Court dismisses the case, Capital Farm Credit requests that it be with prejudice to re-filing for a period of one year.

20. The authority for the Court to act is found at 11 U. S.C. § 1112(b). A proposed form of Order is attached hereto as Exhibit "A".

FOR THESE REASONS, CAPITAL FARM CREDIT, FLCA requests that the Court convert this case to one under chapter 7 or, alternatively, dismiss the case with prejudice to re-filing or a period of one year. Movant requests such other and further relief to which it may show itself justly entitled.

Dated: October 18, 2018

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ATTORNEYS FOR CAPITAL FARM CREDIT, FLCA

CERTIFICATE OF SERVICE

The undersigned certifies that a true copy of the foregoing Motion was served by first-class mail, postage prepaid, this 18th day of October, 2018 upon the Debtor, his counsel, and the parties reflected on the attached Matrix.

/s/ Patrick H. Autry
Patrick H. Autry

EXHIBIT A – PROPOSED FORM OF ORDER